

EXHIBIT 1

INTRODUCTION

Respondent Margaret Sabovich is an Associate Development Specialist with the California Technology, Trade and Commerce Agency ("TTCA"). As an Associate Development Specialist, Respondent is a designated employee of TTCA, as defined in Section 82019, subdivision (c) of the Political Reform Act (the "Act"),¹ and in TTCA's conflict of interest code. As required by TTCA's conflict of interest code, each designated employee of TTCA must file an annual statement of economic interests. On the statement of economic interests, the designated employee must disclose the reportable economic interests that he or she held during the preceding calendar year.

In this matter, Respondent failed to timely file an annual statement of economic interests for the calendar year 2000. The Enforcement Division handled this case on an expedited basis under the SEI Expedited Procedures adopted by the Commission in July of 1999. For the purposes of this Stipulation, Respondent's violations are stated as follows:

As a designated employee of the California Technology, Trade and Commerce Agency, Respondent Margaret Sabovich failed to timely file a 2000 annual statement of economic interests, by April 1, 2001, in violation of Section 87300.

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in Section 81002, subdivision (c), is to assure that the assets and income of public officials, which may be materially affected by their official actions, be disclosed, so that conflicts of interest may be avoided. In furtherance of this purpose of disclosure, Section 87300 requires every agency to adopt and promulgate a conflict of interest code. The agency's conflict of interest code must specifically designate the employees of the agency who are required to file statements of economic interests disclosing their reportable investments, business positions, interests in real property, and other income.

Under Section 82019, subdivision (c), and Section 87302, subdivision (a), the persons who are to be designated in an agency's conflict of interest code are the officers, employees, members, and consultants of the agency, whose position entails making, or participating in making, governmental decisions that may have a reasonably foreseeable material effect on any economic interest.

Section 87302, subdivision (b) provides that an agency's conflict of interest code must require

¹ The Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

every designated employee of the agency to file an annual statement of economic interests, for each year that the employee remains in office, at a time specified in the agency's conflict of interest code. On the annual statement of economic interests, a designated employee must disclose his or her reportable economic interests during the preceding calendar year.

Section 87302, subdivision (b) also provides that an agency's conflict of interest code must require every designated employee to file a leaving office statement of economic interests within 30 days after leaving office. On the leaving office statement, a designated employee must disclose his or her reportable economic interests during the period between the closing date of the last annual statement and the date of leaving office.

Under Section 87300, the requirements of an agency's conflict of interest code have the force of law, and any violation of those requirements is deemed a violation of the Act.

SUMMARY OF THE FACTS

Respondent Margaret Sabovich is an Associate Development Specialist with TTCA. As an Associate Development Specialist, Respondent is a designated employee of TTCA, as defined in Section 82019, subdivision (c) and in TTCA's conflict of interest code. As required by TTCA's conflict of interest code, each designated employee of TTCA must file an annual statement of economic interests ("SEI"), disclosing the reportable economic interests that he or she held during the preceding calendar year.

Respondent was required to file a 2000 annual SEI by April 1, 2001. On February 28, 2001, Neil Thompsen, TTCA's Chief of Human Resources, sent a notice and SEI form to Respondent, informing her of her duty to file a 2000 annual SEI by April 1, 2001. Despite this notification, according to records maintained by TTCA, Respondent failed to file her 2000 annual SEI by the April 1, 2001 due date, in violation of Section 87300.

On April 2, 2001, Mr. Thompsen sent an e-mail message to Respondent, informing her that her 2000 annual SEI was past due. When the em-mail message failed to prompt Respondent to file, on April 30, 2001, Mr. Thompsen sent a letter to Respondent, informing her that her 2000 annual SEI was still past due. When the letter failed to prompt Respondent to file, on June 5, 2001, Mr. Thompson sent a second letter to Respondent, informing her that her 2000 annual SEI was still past due. Respondent still did not file her 2001 annual SEI.

When Respondent did not file her 2000 annual SEI in response to TTCA's notifications, TTCA then referred the matter to the Enforcement Division of the Fair Political Practices Commission. On August 7, 2001, Investigator Bonnie Swaim of the Enforcement Division left a voice mail message for Respondent, advising her to file her 2000 annual SEI. Respondent did not reply to this message. The following week, on August 13, 2001, Investigator Swaim spoke to Respondent's secretary, who confirmed that Respondent knew that the investigator was trying to contact her. Respondent still did not file the overdue SEI.

The matter was subsequently assigned to an Enforcement Division attorney, who contacted Respondent regarding her failure to file a 2000 annual SEI. Prior to entering into this stipulated settlement Respondent filed the overdue SEI.

CONCLUSION

This matter consists of one count of violating Section 87300, which carries a maximum administrative penalty of Five Thousand Dollars (\$5,000). However, under the SEI Expedited Procedures adopted by the Commission in July 1999, the approved administrative penalty for an individual whose delinquent SEI filing requires the involvement of an Enforcement Division attorney is between Four Hundred and Six Hundred Dollars (\$400-\$600).

In this matter, as Respondent disregarded numerous notifications regarding her duty as a public official to file a 2000 annual SEI, imposition of an administrative penalty of Six Hundred Dollars (\$600) is justified.